

The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.

What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

Note on Language

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]", etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

Instructions for Printing

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA Audit Profile	
Country	China
Factory name	12031527D
IEM	Global Standards
Date(s) in facility	July 20-21, 2005
PC(s)	New Era Cap Company, Inc., Reebok International Ltd., PUMA
Number of workers	1100
Product(s)	Caps
Production processes	Embroidery, sewing, finishing, packing

		Findings						Remediation				
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of noncompliance	Evidence of Non-compliance (unsubstantiated)	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Remediation plan	Target Completion Date	Company follow up 15, 2006	March	Documentation
1. Code Awareness												
Code posting/information		FLA Principle of Monitoring, Obligation of Companies: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.				Visual inspection	Best practice: Code clearly posted on all floors of the factory. Record of COC training as well.					
Worker/management awareness of Code		FLA Principle of Monitoring, Obligation of Companies: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Although the factory provides training on CoC, most workers do not seem to know what it is.			Worker interviews		Factory to make the training regarding each item in the Code of Conduct more detailed, and include the topic in the orientation for new workers.	Mar. 31, 2006	The factory includes Code of Conduct as a topic during workers' orientation. Interviewed workers showed understanding of the CoC. Copies of the Puma S.A.F.E. Pocket Guide which contains the code of conduct and a brief of the general requirements, health, safety, and environmental standards and contact information for confidential reporting, were also given to the workers who were interviewed.		Interview, document review
Confidential non-compliance reporting channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.				Visual inspection	Best Practice: Reebok posts a phone number and name on COC Poster. Puma and New Era have COC posted in local language.	Puma to place sticker labels on the Code of Conduct posters indicating the contact information for reporting issues of non-compliance	Mar. 31, 2006	Sticker labels indicating the contact information for reporting issues of non-compliance have been placed on the copies of Code of Conduct posted in the factory premises		Visual inspection
2. Forced Labor												
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise												
3. Child Labor												
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.												
4. Harassment or Abuse												
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.												
5. Nondiscrimination												
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.												
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement	The factory hires workers from 18 to 25, 28 and 30 years old, which is written in recruitment ad posted at the gate of the factory.			Worker interview, visual inspection		Revise policy and remove age limits for hiring of workers. Brief all personnel involved in the hiring process on the revised hiring policy.	Mar. 31, 2006	Revisions of the factory policies and regulations made in January 2006 included the removal of the age limits in hiring workers. The policies and regulations are part of the workers' training. Workers are also given a copy of the small booklet containing the policies and regulations. Copy of the booklet is also posted at the factory.		Interview, visual inspection, copy of new booklet
6. Health and Safety												
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities												
Document Maintenance/ Accessibility		All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language	No MSDS or label provided for Spray adhesive and a fabric treating chemical.			Visual inspection and records review		Post MSDS in local language in all areas where chemicals are stored or used. Brief all workers involved in handling or storage of chemicals on proper chemical use and storage. Provide labels and danger signs on all containers of chemicals, including the small containers of spray adhesive and fabric cleaners used at individual work stations.	Mar. 31, 2006	At March 15, 2006 verification visit, improvements concerning chemical safety had not yet been made, and a new deadline was set for April 15, 2006		Visual inspection, interview

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Evacuation Procedure	Fire Prevention Law article 14.6. governmental depts, social org., enterprises and institutions shall make sure that the evacuation signs that meet state regulations.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	Evacuation plan in a few areas is missing standard indicators and too small (however, the majority are large and do contain all required indications). During loading and packing procedures the factory fails to keep fire lanes/exits clear. No yellow lines painted in stairwells.				Visual inspection		(a) Replace the deficient evacuation plans with one that conforms with the acceptable size and the standard indicators. (b) Brief all employees to keep fire lanes and exits clear at all times, and as to why such practice is necessary. (c) Paint all stairwells with the necessary safety line markings.	Mar. 31, 2006	Readable, visible evacuation plans are now posted at all areas in production and in the dormitory. Briefing of employees and painting at stairwells not yet complete. New deadline: April 15, 2006.	Visual inspection
Safety Equipment	Type A: combustible materials: wood, cloth, paper and many plastics. Type B: Fires in flammable liquids, combustible liquids, petroleum gases, tars, oils, oil-based paints, solvents, lacquers, alcohol and flammable gases. Type C: Fires that involve energized electrical equipment where the electrical nonconductivity of the extinguishing media is of importance. (OSHA Website: www.myextinguisher.com)	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees	No fire extinguishers or other fire safety precautions in Engineering Rooms and the Boiler/Air Compressor Room (ground floor)				Visual inspection		Provide fire extinguishers in the said area complete with restriction boxes and location indicators. Provide tag to record regular inspection and maintenance. Have the fire extinguishers inspected also by outside professional group at least once a year	Mar. 31, 2006	Fire extinguishers already installed at the Engineering Room and Boiler/Air compressor Room. All fire extinguishers installed in production areas and dormitory building are provided with restriction boxes and location indicators. However, there has still not been an annual inspection by a professional group.	Visual inspection
PPE	Safety Manufacturing Law, Article 37, manufacturers shall provide personal protective equipment to employees. Manufacturers shall supervise and train employees to properly wear and use the personal protective equipment.	Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	PPE not used consistently in embroidery room (approx. 15% not using during inspection). No PPE provided for Spray adhesive chemical. No iron gloves used in the cutting room of the sample room.				Visual inspection		Provide the correct PPE such as mask, metal gloves, etc., in operations where it is necessary. Brief workers on the importance and proper use of PPE and enforce its use consistently	Apr. 30, 2006	Appropriate mask and metal gloves are now provided in the operations where they are needed. Briefing of workers on PPE not yet done. Further follow up needed .	visual inspection
Machinery Maintenance	Factory Safety and Health rules, Article 32, protection devices shall be mounted on dangerous parts - e.g. driving belt, open gear, grinding wheel, electric saw, axial ring that is close to ground, rotary axle, belt pulley and flywheels.	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	Button punching machines have no guards, no needle guards on regular sewing machines and some of the high speed machines.				Visual inspection		Provide safety devices on machines where necessary. Brief workers on the importance of the safety devices. Inspect and maintain the machines regularly to ensure that the devices are not removed or are used properly.	Mar. 31, 2006	The necessary safety devices on machines including guards for button punching machines have been provided, and the workers who use these machines have been trained on these safety devices. A regular maintenance schedule of the machines has been established.	Visual inspection, interview
Sanitation in Facilities		All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws	Toilet paper given to workers for own use, however hand towels and soap are not provided. The factory is quite hot in some areas and workers feel uncomfortable.				Visual inspection		Factory to provide liquid soap and continue to supply toilet paper to workers. Factory to check temperature at all areas and provide additional ventilation where necessary.	Apr. 30, 2006	Liquid soap is now provided and toilet paper is regularly supplied. Factory has not yet implemented a temperature checking process. New deadline: April 15, 2006. In addition, PCs to perform temperature measurements during summer months to establish benchmark for uncomfortable temperature and help factory to develop a more specific solution, since measurements were not provided by the IEM.	Visual inspection
Sanitation in Dormitories		All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.) Emergency evacuation drills should also be conducted at least annually	Dormitory rooms are crowded (10 person per 35 sq mtr.) and too warm in summer. However, new dormitories are almost complete and will house 10 workers per 50 sq meter room.				Visual inspection		Factory to ensure that every room in the dormitory has access to natural lighting, follows the country's legal requirements on habitable space for dormitory rooms, and is provided with adequate ventilation.	Mar. 31, 2006	The new dormitory is completed. Some workers have been transferred to this new dormitory. Access to natural light and adequate ventilation are provided in the dormitory rooms.	Visual inspection
7. Freedom of Association and Collective Bargaining												
Employers will recognize and respect the right of employees to freedom of association and collective bargaining												
		FLA Comment: <i>The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms.</i> <i>The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.</i>										

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8. Wages and Benefits											
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits											
Legal benefits	Article 72. PRC Labor Code, the sources of social insurance funds shall be determined according to the branches of insurance, and an overall raising of social insurance funds shall be practised step by step. The employing unit and labourers must participate in social insurance and pay social insurance premiums in accordance with the law.	Employers will provide all legally mandated benefits to all eligible workers	The factory buys social, occupational, unemployment and medical insurance for approximately 50% of the workforce.			Document review, management interview, worker interview		Provide all workers with the social insurance required by law.	Mar. 31, 2006	No progress on this. Coverage of social insurance still at 50% of workers. No timetable prepared to increase number of workers to be covered. PCs to draft a letter urging factory to comply with legal requirements.	Document review, management interview
9. Hours of Work											
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period											
10. Overtime Compensation											
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.											
OT Compensation	Article 44. The employing unit shall, according to the following standards, pay laborers remunerations higher than those for normal working hours under any of the following circumstances: (1) no less than 150 per cent of the normal wages if the extension of working hours is arranged; (2) no less than 200 per cent of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and (3) no less than 300 per cent of the normal wages if the extended hours are arranged on statutory holidays. 13. An enterprise has to pay an employee working on a piece rate basis for overtime work. [The method is same as above]	The factory shall comply with applicable law for premium rates for overtime compensation	Found a mistake in payroll accounting, one worker not paid for OT in May, the factory plans to rectify (we found no other cases).			Record review, management interview		Develop a system to test check accuracy of payroll computations. Formulate procedures and guidelines on how workers can complain regarding errors in wage payments and how these errors can immediately be corrected.	Mar. 31, 2006	Not yet verified. PCs to follow-up on future visits.	
Miscellaneous											